Jan. 6, 1969

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FOREIGN AGRICULTURE

January 6, 1969

Cuba, and 10 Years Of Castro Control

France and Its Agriculture

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VII • NO. 1 • JANUARY 6, 1969

In this issue:

2 Cuban Agriculture—Ten Years Under Castro
By Wilbur F. Buck
4 1968 World Agricultural Production Indices
5 Effects of Agricultural Trade Obstacles
By John A. Schnittker
6 Advance Information on the 1968 Polish Harvest
7 Drying Problems Plague Canadian Wheat Trade
8 Capsule Review of France and Its Agriculture
10 U.S. Sends Steak Dinner to Portugal
11 Announcing 1969 U.S. Trade Fairs for Agriculture
13 Echoes From 1968 U.S. Trade Fairs
14 Crops and Markets Shorts
16 New Indian-U.S. P.L. 480 Agreement Signed

This week's cover:

Farm girl in France's Manche Department is sending this milk to an already surplus-ridden market. Discussion of dairy and other areas of French agriculture appears on page 8.

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Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (June 15, 1964). Yearly subscription rate, $10.00 domestic, $13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

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Cuban Agriculture—Ten Ye

Although Cuban farms have changed drastically over the past decade sugar remains the No. 1 crop—and the mainstay of the economy.

By WILBUR F. BUCK
Foreign Regional Analysis Division
Economic Research Service

This January 1, Fidel Castro's Government observed its 10th anniversary—a suitable vantage point from which to review the major events in Cuba's agricultural development under the present regime.

Although the decade has been a period of significant change in the political, social, and economic structure of Cuba, the change has not necessarily meant progress. Tangible benefits to the populace—such as free schools, free medical services, and minimal rents—have been offset by such negative factors as increased food costs and severe rationing of food, clothing, gasoline, and other daily requisites.

Under Castro, Cuba's gross national product has risen from $2.7 billion in 1958 to nearly $3.0 billion in 1967. But per capita income has declined nearly 14 percent, to $368; population is now 8 million compared with 6.5 million in 1958. The Cuban economy continues to be weak, requiring massive aid from the Soviet Union (reportedly some $360 million annually) plus additional assistance in the form of credits from Free World countries to stave off collapse.

Cuba continues, almost fanatically, to focus its agriculture on sugar—a commodity that faces already-glutted world markets and low prices. The tourist business, once an important source of revenue, has disappeared. Migration of professional and other skilled citizens continues, and Cuba remains isolated from nearly all its Hemisphere neighbors.

Cuba has a preferential sugar-price agreement with the Soviet Union (incidentally the world's largest producer of sugar), but most payment is taken in the form of barter, leaving considerable doubt with respect to actual price. Castro's 10 years in office have produced a trade balance overwhelmingly in favor of the Soviet Union, which has had the effect of mortgaging the Cuban sugar crops for years to come.

Land confiscation a first step

The story of the Cuban revolution is well known. After months of fighting, revolutionary forces led by Fidel Castro succeeded in toppling the Batista Government. On January 1, 1959, Castro gained control of the government, and the people of Cuba—after long civil strife—welcomed the prospects of change.

The change they encountered exceeded their expectations.

en Years Under Castro

Premier Castro, promptly revealing his Communist sympathies, lost no time in calling for sweeping agricultural and political reforms. His government set out "to eradicate the effects of a colonial and imperialist heritage and to build a new life."

The blueprint for Castro's agricultural programs appeared in the first Agrarian Reform law passed May 17, 1959. This legislation established the National Agrarian Reform Institute (INRA), an agency to carry out government directives relating to agriculture. The agency promised land for the landless, arranged for expropriation of the large estates (with provisions for indemnification), prohibited sharecropping, and endeavored to diversify agriculture to increase the island's food production and thereby conserve scarce foreign exchange.

Under INRA supervision, all lands in excess of 402 hectares (about 1,000 acres) were promptly confiscated; in some instances 2-caballeria units (about 66 acres) were redistributed to former tenants. Few of the estate owners received indemnification. The estates were not subsequently dissolved as planned; rather the government began to operate the seized lands as Soviet-type state farms with hired workers.

Confiscation of agricultural properties proved a severe blow to United States interests. U.S. holdings were said to equal about 35 percent of the entire sugar industry (some 39 of the 157 sugar mills and their estates were U.S. owned), and U.S. interest was also heavy in rice production and cattle ranches.

The few remaining large landholders were eliminated by the second Agrarian Reform law passed October 3, 1963, which nationalized all farmlands in excess of 67 hectares (167 acres). These properties were added to the established state farms. The remaining 200,000 small farmers were bracketed into the government-directed National Association of Small Farmers (ANAP). By mid-1960, the INRA had taken title to 60 percent of all Cuba's privately owned cropland. By 1966, the number of small farmers reportedly had dwindled to 120,000.

Loss of a U.S. good neighbor

In the meantime, diplomatic and trade relations with the United States, Cuba's major trading partner, continued to deteriorate. In 1958, Cuba was shipping two-thirds of all its agricultural exports to the United States and purchasing a similar share of its agricultural needs from U.S. firms. Value of Cuban imports of U.S. farm products came to $145 million in 1958; wheat and flour, rice, pulses, meat, and lard were the principal import commodities. Cuba ranked seventh among U.S. foreign markets.

Early in 1960, Castro's Government negotiated trade agreements with many of the Communist countries and systematically began shifting its traditional trade with the United States in another direction. In less than a year, 70 percent of all Cuban agricultural exports were being routed to Communist country destinations.

In July 1960, the United States countered by canceling the balance (700,000 tons) of Cuba's lucrative 1960 sugar quota and suspended further sugar purchases. Steadily worsening U.S.-Cuban relations reached a climax when refineries owned by the United States and Britain refused to process Soviet crude oil and their properties were seized by the Cuban Government.

In February 1962 the United States imposed a trade embargo on Cuba and severed diplomatic relations. Thus, 60 years of mutually beneficial trade between the two countries went down the drain.

The changing economic plan

The early years of central planning for the Cuban economy were characterized by intensive efforts to increase domestic food production and to expand the industrial base. A plan for development during the years 1962-65, specifically designed to increase the gross national product at least 10 percent a year, followed. In 1963, this plan was abandoned when its impracticality became evident.

The policy then reverted to emphasis on sugar production, frequently at the expense of rice and other food crops; commercial development was limited to industries either connected with agriculture or to other enterprises requiring relatively small investments. This policy remains in force today.

Agricultural development has included such programs as land reclamation, irrigation, pasture improvement, and development of the cattle industry. Between 1955 and 1965, cropland was increased by 22 percent and much of the wasteland was returned to pasture. Acquisition of a number of bulldozers and other farm machinery in recent years reportedly has accelerated the rate of land improvement.

A sugar dependency

Cuba and sugar are synonymous; the island has always been highly dependent on this crop.

In 1958 the sugar industry employed half a million workers and accounted for four-fifths of the value of all Cuban exports. An estimated 60 percent of the cropland was in sugarcane. On a world basis, Cuba produced 15 percent of all the sugar manufactured and accounted for one-third of all sugar moving in foreign trade. Production was reasonably good that year—about 5.6 million metric tons compared with the 4.9-million-ton average for the preceding 5 years; it was valued at nearly $400 million. The United States had an agreement to purchase approximately 60 percent of the 1958 crop at preferential prices.

In 1958 and other pre-Castro years, Cuba's sugar-producing capacity was probably much greater than production because growers were then deliberately trying to hold output to market requirements. Emphasis seemed more on factory efficiency in extraction than on efficiency in cane production.

In 1959, production of sugar in Cuba reached 6 million metric tons. It continued at approximately the same level (5.9 million tons) the following year. In 1961—the best sugar-producing year of the Castro administration—6.8 million tons were produced. In 1962, however, sugar output declined sharply to 4.8 million tons, as redirection of production resources and a general falling-off in efficiency of both equipment and management began to have their influence. The low point of sugar production in the Castro period came in 1963 when the annual cane grind resulted in only 3.8 million tons of sugar.

According to an overall production plan adopted in 1964, 10 million tons of sugar is the target programed for 1970.

This was to be achieved by stages according to the following timetable of annual production:

	Million metric tons		*Million metric tons*
1965	6.0	1968	8.0
1966	6.5	1969	9.0
1967	7.5	1970	10.0

Since the establishment of these goals, sugar production has reached the target only in 1965. In 1966, output was short by as much as 30 percent. In 1968, the goal will likely be underachieved by more than 35 percent. Prospects for the oncoming 1969 harvest have already been dimmed by an extended period of drought.

Attainment of the 10-million-metric-ton sugar goal by 1970 may be remotely possible but only under fortuitous climatic conditions and at great cost to the Cuban people and their economy. This would entail the mobilization of a vast army of cane-cutters and other workers to man the expanded acreage in cane, converting of transportation and other facilities to the sugar industry, plus intensive application of fertilizer, farm machinery, and other resources to the crop.

Undoubtedly much 1969 cane will be "left over," and in all probability subsequent crops will suffer as a result of overcutting. In past efforts to reach sugar goals, few production resources have been spared; high priorities have been set for labor and machinery, and large allocations of funds have been made for the purchase of fertilizer and the modernization and expansion of milling facilities.

Cuba's present exports of coffee are being accomplished by squeezing an undersupplied domestic market—a sharp contrast with the situation in 1958 when, from a relative surplus, 20 percent of its crop was sold abroad. Coffee production for 1968 is estimated at 30,000 tons, up somewhat from the previous year but still 25 percent short of the 1957-59 average.

The 1968 rice harvest is less than the 1967 tonnage and just slightly over half the output of pre-Castro days. Production of tobacco, an important earner of foreign exchange, is only about two-thirds the prerevolution volume. There has been some improvement recently in the production of livestock and meat, but the totals still remain substantially below the 1957-59 averages.

Diets deteriorate

When the Castro regime came to power in 1959 the Cubans were one of the best-fed peoples in Latin America. Excessive and indiscriminate livestock slaughter in 1959 and early 1960, however, caused a sharp drop in meat supplies. A decline in the output of food crops, especially rice, during Castro's early years in office was precipitated by rapid nationalization of farm properties and the shift in direction of trade.

The past decade has witnessed a deterioration in the average Cuban's diet, particularly in its quality, as grain protein has replaced much of the animal protein.

Food production in 1968 is estimated to have been about 10 percent less than the 1957-59 average. But food production per capita has declined some 25 to 30 percent from that of a decade earlier, necessitating heavy imports of food products, such as wheat and wheat flour from Canada on Soviet account.

1968 World Agricultural Production Indices

World agricultural production in 1968 was good but not exceptional. Farm output for the world as a whole (excluding Communist Asia) increased from 1967 to 1968 at about the same rate as population, leaving the index of production per person unchanged. The Economic Research Service preliminary index of total agricultural production rose 3 points to 130 (1957-59=100), but the index of agricultural production per person remained at 107.

Total agricultural production has been increasing at approximately the same rate in the developed and the less developed areas of the world, the respective indices for 1968 being 129 and 131. However, production per person in the less developed areas in 1968 is only 102 (compared with 115 for the developed areas), the same as in 1967 and virtually the same as in the first half of the 1960's.

Averages for the developed and less developed areas mask the divergent developments found within each area. Many countries showed decreases from 1967 in overall production, which were mostly attributed to lack of rain during some part of the growing season. One large cluster of countries showing significant declines in production in 1968 includes Austria, Hungary, Bulgaria, Romania, Greece, Italy, Libya, Jordan, Syria, Lebanon, Cyprus, and Turkey. Two other clusters also showing declines include most of the countries in West Africa from Senegal eastward to Nigeria and much of the southern part of Africa.

The West Coast of South America from Ecuador to Chile was hit by a severe drought which reduced the production of most crops harvested late in the calendar year and which will diminish supplies of water for irrigation in 1969.

On the other hand, growing conditions were favorable for most crops in a belt of countries from West Germany southwest through France and Spain to Morocco, and in Australia, Ceylon, India, Malaysia, Pakistan, and Taiwan. In all those countries except India agricultural production per person increased enough from 1967 to 1968 to reach new record levels. India's weather was not as favorable as in 1967, especially with respect to the timing of the rainfall, and harvests of many crops were smaller in 1968 than in 1967.

—CHARLES A. GIBBONS
Foreign Regional Analysis Division, ERS

AGRICULTURAL PRODUCTION INDEX NUMBERS, CALENDAR YEARS 1964-68 (1957-59=100)

	Total agricultural production					Agricultural production per person				
Area	1964	1965	1966	1967	1968	1964	1965	1966	1967	1968
Developed:										
United States	112	115	114	118	120	102	103	101	104	104
Canada	118	129	145	126	133	105	113	124	106	109
Western Europe	116	119	120	129	131	110	111	111	119	120
Eastern Europe	115	116	127	129	124	110	110	120	121	115
USSR	122	116	138	133	135	111	104	122	117	117
Japan	115	117	119	130	131	109	109	110	119	120
Republic of South Africa	115	118	124	158	138	100	100	103	128	109
Australia and New Zealand	127	121	136	128	145	112	105	116	107	119
Total	117	117	125	127	129	109	107	114	114	115
Less developed:										
Latin America (23 Republics)	115	128	122	127	129	97	105	97	98	97
South Asia [1]	120	111	109	127	132	104	94	89	103	104
East Asia [2]	126	129	136	133	138	108	107	110	105	106
West Asia	120	122	127	136	137	102	101	102	106	104
Africa	120	119	120	122	124	104	101	99	99	98
Total	119	121	119	128	131	102	102	97	102	102
World (excluding Communist Asia)	118	118	123	127	130	105	103	105	107	107

[1] Ceylon, India, and Pakistan. [2] Burma, Cambodia, Indonesia, South Korea, West Malaysia, Philippines, China (Taiwan), Thailand, South Vietnam.

Under Secretary of Agriculture **John A. Schnittker** ***analyzes the forces helping and hindering freer world trade in farm products and the problems of national agricultural policies.***

Effects of Agricultural Trade Obstacles

The growth in world wheat and feedgrain trade and the great rise in the U.S. share of this trade since World War II have taken place despite some mighty trade barriers imposed by importing countries. Complex systems of grain marketing, pricing, and importing have been developed to protect high-cost domestic producers in most countries from external competition. Equally complex schemes aid exporters in meeting international competition. National policies in developed importing countries will exert a large influence over the future volume of U.S. agricultural exports, although population and income levels will also be important. This becomes clearer when you consider that some nations support their grain prices at two to four times world levels and pay a high price for doing so.

Most of the major trading nations use some method of agricultural price support to maintain certain domestic prices for many farm products above world prices. Import restrictions are then needed to protect the domestic price level from foreign supplies and to hold the market for domestic producers.

If price support levels are set high enough, surpluses often result. Dairy product and grain surpluses in Europe are the latest examples. This year the European Economic Community (EEC) will pay around US$1 billion out of its fund to support dairy-product prices, more than twice the U.S. expenditure on dairy products in our worst surplus years in the early 1960's.

When this happens, export subsidies are the next step. Then world prices become depressed, and new pressures are unleashed for defensive protective systems by those who are injured. Repetition of these actions and counteractions causes major distortions in world agricultural trade patterns and in world resource use.

It is essential, therefore, that the United States and other nations find ways of achieving their legitimate domestic agricultural policy objectives within a framework which can also expand world agricultural trade. This will not be easy.

It is now generally accepted that to stimulate farm income solely by raising product prices is often inequitable and inefficient. When adopted to meet the needs of average- or low-income producers, such prices spur production and often channel the most assistance toward the most efficient producers.

The ideal tool for achieving equity for producers at home and competition abroad is one which provides for:

- domestic price supports that can be adjusted to world market levels;
- income payments geared to producers' needs but limited to a fixed and predetermined quantity or percentage of production. This minimizes any stimulus to production.

The United States has made a good start in this direction since 1961, and a small start (in wool) before that. The wheat certificate program meets these standards, as do the feedgrain and cotton programs (although each could benefit from certain amendments for the long run). Domestic prices for these major export commodities—wheat, feedgrains, and cotton—are now supported near world levels. Payments are made to producers to support their incomes and to provide the incentive for limiting the acreage on which crops will be produced. These payments are independent of current production levels (cotton is an exception), and they are made on only a part of the crop, leaving the remainder to be produced for world prices. Thus, no undue encouragement is given to farmers to produce for world markets, since a producer cannot increase his payments by producing more.

These principles deserve much more attention around the world in the 1970's as we try to reconcile domestic farm policies and trade expansion.

The Kennedy Round experience demonstrated the difficulty of major progress in reforming domestic agricultural policies. One of the major issues to be dealt with when the Kennedy Round began was the reduction of incentives for inefficient production.

This action could be the primary means of trade expansion in agriculture. All the major trading nations said they were prepared to face up to this issue. None were.

The EEC and the United Kingdom especially were unable to do so. The principal mandate of the EEC throughout the Kennedy Round was to create the Common Agricultural Policy (CAP). The principal mandate in the Kennedy Round was to expand trade. The two mandates turned out to be largely incompatible. Increased protection for European agriculture was a part of the cost of creating the CAP. The United Kingdom had problems of its own—the trade balance—and is now firmly on a self-sufficiency course. As a result, European grain production levels and potential levels are now a serious threat to U.S. trade expansion objectives.

One of the United States long-run objectives in agriculture must be expansion of world trade on the basis of efficiency and comparative advantage. And if we want to apply this principle to our exports, we will be expected to apply it also to those products we import.

Domestic farm policy, however, tends to be deeply rooted in domestic political and social systems, and has sometimes been implemented with little or no concern for international trade.

Clearly, national policies cannot be changed overnight merely to accommodate an academic or an international interest in trade expansion. We must be realistic, dealing directly with agricultural systems as they exist. Other nations have a sovereign right to a farm policy, even one which limits trade. They will learn only from their own mistakes—not from ours. It will do little good to deplore wrong-way trends in agricultural and trade policy. We must instead be prepared to negotiate for changes as opportunities arise, and perhaps to bring some of the weight of national power to bear in encouraging constructive and timely change.

We should continue the current trend toward harmonizing our own domestic farm policies with world trade. But as we

revise our program, we must press for improvement in the competitive opportunities abroad for efficient U.S. producers. This is the only acceptable standard.

Recognizing that domestic income support for farmers need not be inconsistent with the broader objectives of improved access to foreign markets, we should seek to negotiate for appropriate adjustments by our developed trading partners. For agricultural products, improved access depends primarily on reducing or limiting producer incentives in high-cost agricultural countries, or on specific limits on production abroad, to protect the established interest of exporting nations.

Progress will be difficult; but it is not too much to expect that in the short run it may be possible to prevent the movement of domestic policies abroad and at home in the wrong (antitrade) direction while encouraging other countries and our own Congress in the right direction for the long run.

Advance Information on the 1968 Polish Harvest

Several early indicators show that Poland's 1968 grain harvest may be the biggest ever, although preliminary official figures are not yet available. Two other important staples, potatoes and sugarbeets, had large production but were less than in 1967. The first figures available on crops were those mentioned during the debates of the Polish United Workers' (Communist) Party in the 17 wojewodztwos (administrative regions) of Poland before the Fifth Party Congress. Other figures gleaned from Congress proceedings and various publications seem to substantiate the picture.

Total grain production probably reached between 17.8 million and 18.0 million metric tons, with wheat, rye, oats, and barley making up 17.2 million to 17.3 million tons. This estimated production of the four important grains in Poland is approximately 9 percent greater than that in 1967, the previous record year.

The production figures undoubtedly most watched by the Polish Government are those for grain, especially wheat. From figures given in Party debates and publications, estimates are that the current wheat crop is between 4.0 million and 4.2 million metric tons. Last year's wheat harvest was a little less than 4 million tons. One of the major goals of the current 5-year agricultural plan is self-sufficiency in wheat and other grains. In past years a heavy outflow of foreign exchange has been required to buy bread wheat. In 1968 about 2 million metric tons of grain (mostly wheat and some barley) were purchased abroad.

The bigger 1968 wheat harvest is probably due chiefly to expansion of areas sown to wheat. Other factors, however, have been generally favorable weather (except in the southwest, which had rainy weather during harvesting), increases in levels of fertilizer application, more use of improved seed, and better organization of harvest work (although some shortages of machinery and equipment occurred).

Estimates for grains other than wheat are still tentative. Rye, the biggest grain crop in production and acreage, had a harvest producing approximately 8.9 million metric tons. Oats and barley are judged to be about 2.85 million and 1.3 million metric tons, respectively.

Production of potatoes is estimated at 45.5 million to 47.0 million metric tons, and the sugarbeet crop is thought to be about 14.2 million to 14.6 million metric tons. Both are down from 1967 because of slight reductions in sown area and adverse weather and soil moisture conditions during the growing season. Lower production of potatoes could be serious because this root crop is used extensively as hog feed as well as human food; if potatoes are short in 1968-69 more expensive hog feed would be substituted or hog production would fall, or both. Smaller production of sugarbeets is expected to have less effect. The 1968 beet crop is believed to have a high sugar content and can easily supply domestic needs. In fact, for the past few years Poland has had difficulty in exporting its surplus sugar.

The delay in publication of official preliminary harvest figures is possibly because of the large number (about 3.6 million) of small private farms in Poland from which information must be collected. These small farms are the chief producers of most important crops, including about 86 percent of the major grain harvest. It takes longer to collect and process crop information in such a situation than in most East European countries, which have state-run agricultures and large, amalgamated farms.

—Based on dispatch from HAROLD C. CHAMPEAU
U.S. Agricultural Attaché, Warsaw

Swiss Beat Dairy Surplus Down

Switzerland's tussle with too many dairy cattle and overproduction of butter, nonfat dry milk, and certain types of cheese may be easing as measures already applied take effect. For example, butter stocks have been reduced sharply and butter output in November 1968 was down 40 percent from that in the same month of 1967. Imports of butter have been resumed, and between 60 to 80 metric tons were purchased during November 1968. More butter imports are expected.

Several governmental actions have been instrumental in solving the butter surplus, such as the programs for reducing dairy herds by slaughter and the special "reduced price" butter sales program within Switzerland (which is being discontinued). But the measures reported to be the most effective were the supplementary import levies introduced during 1968 on feedstuffs and feed concentrates to raise their costs. Because of the increased costs of such materials, farmers are feeding whole milk to calves and eliminating it as a source of butter output. There is substantial pressure from Swiss poultry and swine feeders to reduce the level of the supplementary import levies, but the government does not seem to be willing to do so at this time.

Stocks of low-quality hard cheese (grinder cheese) have continued to accumulate in recent months; but several factories which have historically produced lower quality cheeses have been ordered to discontinue cheese production and where possible shift their operations to butter.

Nonfat dry milk supplies have continued to grow in recent months despite efforts to eliminate surplus stocks; but they are accumulating at a reduced rate because of lowered butter production. As of November 1, 1968, stocks of nonfat dry milk were 12,609 metric tons. The minimum domestic price (fixed by law) of this product is too high for it to be used economically in animal feeds.

—Based on dispatch from ALAN W. TRICK
U.S. Agricultural Attaché, Bern

Drying Problems Plague Canadian Wheat Trade

Marketing their 1968 harvest of wheat has erupted into a hot political and economic issues for the Canadians. The problem is, essentially, too much damp grain, which is taxing Canadian drying and storage facilities.

This season's crop has been a problem child ever since early fall, when persistent rains and then freezing weather resulted in a damp, generally low-quality grain. But despite these complications, production turned out larger than expected and along with a 600-million-bushel carryover of excellent quality wheat (mostly Manitoba 1 and 2) gave Canada a record wheat supply of nearly 1.3 billion bushels, or 11 percent more than in 1967-68. This, in turn, means the country has 1.13 billion bushels of wheat—13 percent more than in 1967-68—to find export markets for. (Aside from the quantity of damp grain, Canada can now offer prospective importers a full range of grades to select from.)

To expedite movement of these large supplies, the Canadian Wheat Board recently announced a relaxation of restrictions on the amount of damp grain farmers may deliver, and the Board has been aggressively seeking out foreign buyers (*Foreign Agriculture*, Dec. 16, 1968). But the marketing headaches caused by this year's crop continue.

Farmers are storing large quantities of wheat with moisture contents of from 15 to 17 percent—levels which put the grain in the "tough" and "damp" categories.

Chief Commissioner of the Canadian Wheat Board W. C. McNamara has disclosed that 380 million bushels of such wheat were in storage last month in the three Prairie Provinces, and about 350 million of this was on farms. He estimates that drying equipment at grain terminals is capable of drying 100 million to 150 million bushels during the next 8 months, while driers on farms can handle about 50 million a month. These figures taken by themselves suggest that the grain can be dried before next spring, when warm weather would cause spoilage of damp wheat.

However, much of the drying equipment on farms cannot be used outdoors in freezing weather, and the capacity of machines that can be used in winter is sharply reduced when damp or wet grain is frozen into chunks. Under ideal conditions, equipment on farms could dry 1.9 million bushels in each 8-hour day, but current conditions will probably cut that figure in half. Another problem is that the 1,800 grain dryers that have been counted in western Canada are not evenly distributed.

A third serious difficulty is that much wheat is being damaged in the drying process, particularly by custom operators who take their equipment from farm to farm and dry grain for a per bushel fee. Their speeding the drying process frequently has resulted in grain damage undetectable by the naked eye. In some instances, farm drying has caused the quality of wheat to fall by four grades.

The wet-grain situation in Canada has received attention from the country's top grain trade officials, many of whom believe that drying problems must be solved at the local level. Increasing facilities at terminal elevators would be unsatisfactory because of the time involved in installation and the interference with the ports' primary responsibility of handling export shipments.

This is the first year that the volume of wet grain has exceeded the drying capacity of terminal elevators. Under normal conditions these elevators could dry 804,000 bushels of damp grain in a 24-hour day but only 435,000 bushels when the grain is in its present condition.

The Canadian Government is introducing a number of measures to help farmers buy their own grain equipment. New interest-free loans will be advanced against the security of undelivered grain. The loan rate will be 10 cents per eligible bushel up to a maximum of CAN$600 per farmer. The advance will be recouped from the producer when he delivers the grain. Grain dried from September 1, 1968, to June 30, 1969, qualifies for the advance.

It is also felt by some people that the problem of facilities could be surmounted by installing drying equipment at a central location to which local farmers could haul their wheat for treatment.

—Based on dispatches from ALFRED R. PERSI
Acting U.S. Agricultural Attaché, Ottawa

Critics Challenge Grain Policy

Discussion of damaged grain and assistance to farmers has dominated discussion in the Canadian House of Commons in past weeks. Opposition Members have criticized the government's assistance programs for farmers and claim that Canada's wheat exports and share of the world market are down. They have further warned that unless a big grain-drying program is started there will be a multimillion-dollar loss through grain rot and mold.

Agriculture Minister Olson has said that adverse publicity from Opposition Members about the grain was damaging the country's reputation for having good grain on hand and that many inquiries had come in from overseas about the condition of the crop. He emphasized, however, that Canada has adequate supplies of dry, high-quality grain to fill all foreign commitments. The Minister paid tribute to the work of the elevator companies, the Canadian Wheat Board, the Board of Grain Commissioners, and the Provincial agriculture departments. —Based on dispatch from ALFRED R. PERSI
Acting U.S. Agricultural Attaché, Ottawa

Spain's New Hereford Herd Book

Spain's growing interest in obtaining Hereford cattle has culminated in that country's establishing a Herd Book and Performance Record for Hereford cattle.

According to a resolution, dated November 27, 1968, animal inscription and performance records will be the responsibility of the Directorate General for Livestock, an agency of the Ministry of Agriculture. Applications for inscription are to be transmitted to the Ministry through the Provincial offices of the Directorate with the assistance of the Beef Cattle Breeders Group of the Livestock Syndicate.

The new Herd Book establishes the following categories for inscription: Registry of Births; Final Registry; and Registry of Merit.

In the future, imported purebred Herefords will be registered in the Herd Book on the basis of official records from the shipping country. Such records must be notarized by a Spanish consul in the exporting countries.

Capsule Review of France and Its Ag

France, which has over half the total arable land in the European Economic Community, is Western Europe's leading agricultural producer.

In 1966 value of French farm output was $8.8 billion. Agriculture employed almost 18 percent of the labor force but contributed less than 8 percent to the gross domestic product.

Land use. Of the country's total area, 91 percent is agricultural land. This includes the 33 percent of the total that is arable, the 25 percent in permanent grassland, the 23 percent in woods and forests, the 3 percent in vineyards, and the approximately 7 percent that is usable for agriculture but uncultivated.

Size of farm. According to the 1963 census over half of France's 1.9 million farms are under 25 acres; over 70 percent are under 50 acres. Since 1955 the number of farms has dropped 15 percent.

Farm tenure. According to 1963 figures about 35 percent of the farms on 42 percent of the land in farms are operated under the mixed-tenure system; that is, the farmer owns some of the land and leases the rest. About 44 percent of the farms on 31 percent of the farmland are owner operated. Cash tenants occupy 19 percent of the farms on 24 percent of the land. The remaining 2 percent of the farms on 3 percent of the farmland are sharecropped.

Farm labor and productivity. The agricultural labor force fell from 5.1 million in 1955 to 3.4 million in 1966—from more than 26 percent of the total labor force to 18 percent. Despite this decline, there are still more farmers than the agricultural sector can economically support, particularly in western France.

According to a 1962 census, farm operators and their families accounted for nearly four-fifths of the farm labor force; one-fourth of all farm workers were female family members. Nearly half of France's farm managers are over 55, nearly 30 percent are over 65.

Farm income. Average return per farm holding was $2,633 in 1962. Value of production per head of the active population was $1,722 in agriculture compared with the national average of $3,362. Low farm incomes stem from a disproportionate distribution of farm population in terms of resources available and problems of farm structure.

Agricultural inputs. By 1965-66 use of nitrogen, phosphate, and potash fertilizers per acre of arable land and permanent crops had tripled over 1960-61, but it still was second lowest in the EEC. Most French soils need lime.

Since 1955, the use of tractors, combines, balers, garden tractors, milking machines, and tractor sprayers has increased. In 1965, combines were used to harvest about three-fourths of the grain and oilseed crops.

Crops. France is the major grain-producing country of Western Europe. Its most important crop is *soft wheat;* since 1963 some 2 million to 4 million metric tons have been exported each year. Although production of *durum* wheat is expanding rapidly, France still imports about 350,000 tons a year.

Feedgrain production rose from 8.6 million tons in 1955 to nearly 17 million tons in 1967. Barley is now France's second most important crop.

French production of *potatoes* has declined in recent years. In general, somewhat over one-third of the supply available for domestic consumption is consumed as food about 31 percent is used for feed, 12 percent for seed, and the remainder lost mainly through waste.

Sugarbeet production has been rigidly controlled. In the past the government has tried to restrict total sugar output to domestic requirements. Production can be expected to increase under the stimulus of the EEC's Common Agricultural Policy for sugar.

Oilseed output is limited to small quantities of sunflowerseed and flaxseed and an expanding rapeseed production of over 400,000 tons. Domestic oilseeds production is now equal to 25 percent of domestic requirements. *Tobacco* production supplies about 40 to 45 percent of domestic needs; it is strictly controlled by a government tobacco monopoly.

France, which produces over one-fourth of the world's *wine* supply, has exported 80 million to more than 1 billion gallons per year since 1957-59. France is a net wine importer, however.

Vegetable production increased 17 percent from 1955 to 1965. Principal vegetables cultivated for marketing are carrots, tomatoes, cabbages, salad greens, leeks, and cauliflower.

Fresh fruit production excluding citrus fruits doubled between 1955 and 1967; output of table apples more than tripled, peaches tripled, and table pears almost doubled. Production of apples and pears for cider considerably exceeds table fruit production.

Livestock and products. In October 1967 there were approximately 21.4 million head of *cattle* on French farms. Most French herds are of dual-purpose cattle located on farms where milk sales are the major source of regular cash income; these herds also supply most of the beef. *Veal* production absorbs almost half the calves born each year. *Beef* production can be expected to increase as farm leaders work to stem the EEC beef deficit.

Milk output has expanded rapidly since 1955 and the upward trend is expected to continue. In recent years this rise has been due largely to EEC dairy policy. France now shares a large part of the EEC's dairy surplus problem.

Hogs are raised on half the farms in France. France is the second largest *pork* producer in the EEC and production is still on the upswing.

Mutton and *lamb* production has been increasing, particularly since 1965, while goat meat output has declined somewhat.

Poultry meat production has doubled since 1955 amounting to over 600,000 tons in 1967. The gain has resulted from rapid development of the broiler industry patterned on the U.S. model. *Egg* production has also increased about 30 percent since 1955.

Foreign trade. France is the world's third largest exporter of farm products, fifth largest importer. Value of farm imports consistently outweighs value of farm exports.

In 1967 nearly 30 percent of France's farm imports originated in Western Europe, 18 percent in other countries of the EEC. The African countries associated with the EEC—former French territories—supplied 25 percent. However, the United States is the largest single supplier of French farm imports.

In 1967 over half of France's farm exports went to other EEC countries, three-fourths to Western Europe. About 14 percent went to African countries.

Information on this page and the next supplied by Lynn S. Bickley, Foreign Regional Analysis Division, Economic Research Service.

ts Agriculture

France's Foreign Agricultural Trade, 1967

Item	Total	United States
	Million dollars	*Million dollars*
Exports:		
Cereals, products	575.9	2.4
Beverages [1]	217.5	35.6
Dairy products, eggs	272.3	7.3
Fruits, vegetables	192.5	5.6
Meat, preparations	119.6	.8
Other	480.6	30.2
Total	1,858.4	81.9
Imports:		
Fruits, vegetables	590.6	20.8
Natural fibers [2]	356.1	22.1
Coffee, tea, cocoa, spices	245.5	.4
Meat, preparations	231.1	21.2
Animal feed	150.3	59.3
Oilseeds, nuts, kernels	149.1	17.3
Other	891.0	79.0
Total	2,613.7	220.1

[1] Excludes distilled liquor. [2] Excludes cotton waste, not carded or combed, cotton and wool carded or combed, wool tops, and waste of wool and other animal hair.
United Nations trade statistics.

France's Livestock Products, 1967

Product	Production
	1,000 metric tons
Beef	1,390
Veal	443
Pork	1,382
Mutton, lamb, goat	143
Total red meat [1]	3,398
Poultry meat	601
Total meat [2]	4,431
Wool	28
Cow's milk	26,228
	Billion
Eggs	10

[1] Includes horsemeat. [2] Includes offals.

Principal French Crops, 1967 [1]

Crop	Area	Production
	Million acres	*1,000 metric tons*
Barley	6.82	9,724
Oats	2.52	2,758
Corn	2.49	3,690
Other	.75	771
Total feedgrains	12.58	16,943
Wheat	9.72	14,383
Total grain [2]	22.84	31,804
Potatoes	1.33	10,174
Sugarbeets	.99	12,750
Fruit:		
Apples	—	1,423
Pears	—	329

[1] Excludes wine and vineyard statistics, which are not available for 1967. [2] Includes rye and rice.

Scene earlier this year as France harvested another big wheat crop. A French farmer watches as the grain is poured from the harvester-threshing machine into trailer car.

Country as a Whole—Geography, Climate

The largest country in Western Europe, France is roughly the size of Montana and Wyoming combined—209,370 square miles. Its population numbers just under 50 million. Population density is the lowest in the EEC.

Geography. France has a varied terrain and an extensive network of rivers. Fertile rolling plains border the Atlantic in the southwest, stretch inland to the center of the country, extend northeast to the North Sea. The Vosges, Alps, and the Pyrenees form mountain frontiers with Switzerland, Italy, and Spain, and rim a large south-central plateau (Massif Central) and the Lorraine Scarpland.

The lowlands are drained by three great river systems: the Seine, which empties into the English Channel; and the Loire and the Garonne, which flow into the Atlantic. A fourth great system — the Rhone-Saone — runs south through the Saone Plain and the Massif Central to the Mediterranean Sea.

The most important agricultural regions are the northern plain area, especially the Paris Basin and Brittany, and the Mediterranean area.

Climate. The northwestern section of France has a climate favorable to agricultural production. Winters are relatively mild, summers warm. In general, the southeastern region of the country has more precipitation and more extreme temperatures.

Soils. The best soils for farming are in the alluvial plains of the Paris Basin. In Normandy, Brittany, and bordering the Massif Central area soils are heavy, suited mainly to grass. Light-textured soil suitable only to coniferous forests appears along the coast in the southwest, in the northeast, immediately south of the Paris Basin. Infertile granite soils and soils of an igneous origin predominate in the Massif Central and Alpine region. Along the Mediterranean coast and extending into the Rhone valley is Mediterranean red soil, which has been well adapted to the cultivation of fruit.

U.S. Sends Steak Dinner to Portugal

Scrupulous planning and meticulous attention to preparation paid off in a warm reception for a U.S. steak dinner served recently to leading Portuguese restaurateurs. Reactions to this event, the first U.S. attempt to establish an import market for U.S. choice beef in Portugal, are causing further promotion there to take the shape of similar personal contact and product demonstrations.

The dinner, held November 8, was a followup on interest expressed in U.S. Choice beef steak at the Santarém Fair last summer. Invitations went out to those concerned with all phases of the proposed shipments — Portuguese Government officials, members of the press, airlines representatives, and purchasers from hotels, restaurants, supermarkets, shipping and airline caterers—120 in all.

At noon on the day of the dinner a small meeting was held to discuss meat quality, cutting, shipping, acceptance, and price. On the last, a very important selling point, the general reaction was that the final product—10-ounce U.S. Choice strip loin steaks—would probably be no more expensive than steaks usually served because of no loss in trimmings. In Portugal it is often necessary to trim away a large percent of the original piece of meat.

The evening got off to a good start. In fact, the meat models displayed before dinner aroused almost as much interest as the steaks themselves. The director of the National Hotel School asked if they could be left with his school.

The simplicity of the traditional American steak dinner received high praise. But the guests did not confuse simplicity with ease of preparation; they not only voiced great interest in U.S. beef but asked for instruction and supervision in the care and serving of the beef they hoped to order. Many questions were asked: In what condition did the meat arrive? How much did it cost to get 1 kilogram (about 2.2 lb.) to Portugal? How was it possible to prepare so many steaks in 15 minutes and serve them still sizzling? How long would it take to set up delivery with the U.S. exporters? Hopefully, satisfactory answers to these questions can be transmitted soon enough so that Portuguese restaurants will be ready for the 1969 tourist season, which begins in May.

Promising possibilities exist for the United States to reap additional benefits from this steak promotion. Proof that equally high-quality meat can be produced from the Herefords imported from the United States during 1967 and 1968, and that this is in large measure because they have been fed on U.S. feedgrains, could favorably influence future sales of both. —Based on dispatch from

FORD M. MILAM
U.S. Agricultural Attaché, Lisbon

Team Reviews Rice Programs in Europe

Three German rice millers explain aspects of their joint program with the U.S. Rice Council to two consultants for FAS. Consultants Phipps Rasmussen (center) and James Moran (right) are reviewing promotion efforts currently being carried out in France, Belgium, the Scandinavian countries, and Germany. They met in Hamburg with George Luethke (left), Wilhelm Haller, and Herbert Mueller (second from right).

USSR Beef Team Views U.S. Methods

Headed by Mr. P. I. Morozov, Deputy Minister of Agriculture, four Soviet agricultural scientists spent nearly a month recently observing various phases of the U.S. livestock industry. This mission—the first of its kind under a 1968-69 U.S.-USSR agreement on exchange visits in scientific, educational, and technical fields—was marked throughout by pronounced interest on both sides and profitable interchange of ideas.

Included in the itinerary for this springboard tour were visits to six Midwestern and Western States.

After a welcome and general introduction to the U.S. beef cattle industry in Washington, D.C., the Russians headed west to visit stockyards in Denver and feedlots near Greeley. Discussion at Colorado State University of current research on beef cattle breeding, feeding, and management and a visit to a sugar company to see how sugarbeet byproducts are used in this country as feed concluded the Colorado portion of the tour. Next stop was Nebraska, where the stockyards and a major beef packing plant were observed.

Three and one-half days at Iowa State University followed. The group met with scientists at the university to share ideas on beef cattle research and then made two field trips. The first was to a number of medium-size beef cattle feeding enterprises owned and operated by individual families; the second was to a company involved in modernizing beef cattle housing and feeding equipment. In the important beef center, Kansas City, Mo., a cooperative feed plant and the American Hereford Association headed the points of interest for the group. Then feedlots in Oklahoma and Texas were visited before the group returned to Washington to conclude a notably successful exchange visit.

Announcing 1969 U.S. Trade Fairs for Agriculture

The coming year will see U.S. trade fair food promotion continuing on a par with that of previous years, but taking new shapes and sizes in order to meet new types of market needs and U.S. needs for new markets.

The current trade fair schedule calls for 13 trade fairs (three fewer than last year) and five trade center shows (the same number as last year). Of the trade shows, two are of the new "area" type—a trade fair "on the road," visiting several cities in a given region. And, also in line with the changing approach to prospective markets, several of the traditional fairs are being viewed as the door-opener to U.S. store promotions that are more meaningful in terms of sales—"America Weeks," for example.

Exhibits—smaller than before in line with a growing trend to personal-contact promotion of selected products—will be run for the first time this year in Eastbourne, England, and Brussels, Belgium. A "first" on a large scale will be the international food fair in Kinshasa next summer. This will be the first time the Congo has hosted an exhibit of this kind.

Following up on the success of an innovation introduced last year — the area show in Barbados, Trinidad, and Curaçao in the Caribbean—will be two area shows in 1969, one in the Alpine area and one in the Far East. The United States will also capitalize on its successful initiation into the Dublin fair in 1967 by returning there in 1969.

U.S. entry into the fairs HORECAVA in the Netherlands and IGEHO in Switzerland is new in 1969. But the names of other fairs will be more familiar to U.S. food product exporters: Green Week in Berlin, Germany; the International Agricultural Exhibition at Verona, Italy; Japan's International Trade Fair (this year in Tokyo); cattle showings at Santarém in Portugal and Cremona in Italy; and—long one of the most influential—the ANUGA fine foods exhibition in Cologne, Germany.

Trade center shows this year will number five, two apiece for London and Tokyo and one for Milan.

A detailed description of the 1969 trade fair schedule follows. Arrangements for the fairs to come late in the year are still tentative and fuller outlines will be drawn up in coming months. For this information and for the details on participation by U.S.-based firms and commodity groups, write: International Trade Fairs Division, Foreign Agricultural Service, USDA, Washington, D. C. 20250.

Trade Fair for Hotels, Restaurants, and Allied Industries (HORECAVA) Amsterdam, Jan. 6-9.

U.S. entry in this 13th year of the large Dutch trade-only catering exhibit of processed foods gives the United States an important new window on the big Western European market. The fair—a semipublic exhibit — will present U.S. foods for display, demonstration, and sale.

Currently, the major agricultural Netherlands imports are feedgrains, tropical products, natural fibers, oilseeds, and fruits and vegetables. It is expected also that the U.S. Department of the Interior will manage a fresh and frozen fish display and represent American fish companies seeking European agents.

The Netherlands has become the European base of operations for a substantial number of U.S. firms. This not only creates a built-in demand for U.S. foods, but provides the Dutch with permanent exposure to these items.

Green Week, Berlin, Germany, Jan. 31-Feb. 9.

In a sense, U.S. exporters are taking a new look this year at their perennial participation in Germany's Green Week. On the one hand, the fair continues to provide a valuable meeting spot for food buyers from West Berlin and its ancillary markets in central Europe. However, and perhaps more importantly, the fair sets the stage for U.S. food promotions to come later in the year in the form of in-stores and products advertising.

German imports from EEC member countries have risen from 27 percent in 1960-61 to nearly one-third of the total in 1966. In order to hold a solid footing in this important market, the United States will concentrate on processed foods of all types, emphasizing their high quality and the convenience of storing and preparing them.

Southern Hotel, Catering, and Licensed Trade Exhibition, Eastbourne, England, Jan. 27-30.

Also falling at the end of January is a low-budget, first-time showing of U.S. foods in this resort town on Britain's southern coast. A food showing at a British resort in January will assuredly not draw swarms of tourists, but the point is to introduce regional caterers and other members of the restaurant trade to U.S. processed foods well in advance of the next tourist season, for which they will then be lining up menus and food orders.

The exhibition—the first U.S. foods show ever presented in the area—will be part of the fifth Southern Hotel, Catering, and Licensed Trade Exhibition and will introduce approximately 20 new U.S. food products.

8th International Trade Fair, Tokyo, Apr. 17-May 6.

For the first time in a number of years, the United States will be participating in the Japanese International Trade Fair (held alternate years in Osaka and Tokyo). Included in the showing to this No. 1 customer for U.S. food products will be feedgrains, prunes, raisins, inedible tallow, wheat products, citrus fruits, dried beans and lentils, beef, and plywood.

At the fair—one of the biggest in the Far East and the world—from 1 million to 1.5 million paid admissions are expected.

Playing upon the great interest shown in U.S. plywood at the American show in Tokyo last spring and serving as a first-rate attraction itself will be the Japanese house designed by one of Japan's leading residential architects and built entirely of U.S. plywood.

For four reasons U.S. exporters are enthusiastic about the sales potential of this fair. Japan is the largest commercial U.S. export market for wheat, cotton, and soybeans. Japan is the most important and fastest growing commercial market in the world for U.S. feedgrains (especially corn and grain sorghum) and concentrates. Japan's trend to nutritional menu planning is accelerating. This in turn is generating greater demand for such items as fortified foods, frozen citrus juices, vegetable fats and oils, and dairy products. Japan's shift to "Western foodstuffs"—macaroni, bread and butter, and instant foods, among others—is becoming more pronounced.

71st International Agricultural Exhibition, Verona, Italy, March 9-17.

This year U.S. representation at Verona—the oldest of the European agricultural fairs—will be a static display. Showcases, posters, and billboards will outline the characteristic features and

advantages of U.S. livestock and feedgrains for the thousands of fairgoers coming to Verona in March. The United States has exhibited annually since 1957.

Kinshasa International Fair, Kinshasa, Democratic Republic of the Congo, June 30-July 21.

Poultry, rice, and wheat will be the primary products promoted by the United States in this major attempt to measure the African market potential—what it will and can buy. The U.S. participation is being organized and sponsored by the U.S. Information Service and the U.S. Department of Agriculture.

National Agricultural Fair, Santarém, Portugal, June.

For the sixth time, Portgual will host its widely noted annual livestock and livestock feed show. This year will be the third time the United States has participated in the show.

In 1967 Holstein-Friesians and Herefords from the United States commanded a wide attention that developed quickly into customer demand. These cattle were brought back in 1968 to show the results of feeding trials on U.S. feedgrains.

The fair's popularity has grown rapidly. In 1967, 200,000 visitors came; last year, 100,000 passed the entrance gates on opening day alone, and record crowds were counted on several subsequent days.

U.S. trade groups working with FAS at Santarém will be the Holstein-Friesian Association, American Hereford Association, U.S. Feed Grains Council, Soybean Council of America, Inc., and National Renderers Association. Other country participants usually include Brazil, France, Great Britain, Germany, and Italy.

Irish International Food and Drink Fair, Dublin, Ireland, Aug. 30-Sept. 7.

Favorable reception of U.S. foods at the Dublin fair 2 years ago, followed by a good sales record, is drawing U.S. participation into this international and regional food show again in 1969. At the first showing 115 U.S. food items new to the Irish shopper were introduced. The enthusiastic response apparently stimulated a trade interest well worth cultivating, for about six other countries will vie this year with the United States in a bid for the Irish food dollar.

24th International Fair of Dairy Cattle, Cremona, Italy, September.

This year marks the fifth anniversary of U.S. participation in the Cremona exhibition, one restricted to the showing of dairy breeding cattle of specified breeds. Holstein-Friesians will again represent the United States. Several times in recent years Italy has ranked second on the list of purchasers of U.S. Holsteins (Mexico holds first place).

Food Industry Trade Fair, Brussels, Belgium, Sept. 3-8.

A solo U.S. showing of processed foods will be presented to Belgian chain and institutional buyers. This show, to be held in the big new Martini Building, is the first for-U.S.-only food promotion in Belgium. In 1962 and again in 1965, U.S. foods were promoted here, but only as part of a large international show, the Salon de l'Alimentation.

At the 1965 show, 350 U.S. foods from 75 U.S. firms were exhibited. Poultry, rice, honey, soybean products, and frozen fruits and vegetables flown in from California made the biggest impression among the wide array of food products presented.

International Exhibition of Fine Foods and Provisions, Cologne, Germany, Oct. 4-10.

ANUGA—one of the oldest agricultural trade promotions and the largest of the international food fairs—will once again this year present a wide variety of processed foods from many nations. This year about six cooperating U.S. trade groups and 100 American firms are expected to participate. Altogether there will be about 50-60 national pavilions to be visited by some 250,000 shoppers and trade representatives.

In keeping with current consumer preferences, convenience food items will hold first place in advertising promotion. With the pace of living constantly accelerating and the number of women out of the home continuing to grow in Western Europe, food products that are easy to store and easy to serve are increasingly the top selling items. The recent rise in the number of German homes with refrigerators is now permitting substantial expansion in the export of frozen foods to Germany.

U.S. Processed Food Exhibit, Far East Area, October.

Following the big fair in Cologne will be a much smaller one based on the newest idea in trade fair promotion—the area show. This one will open first in Singapore (the first U.S. food promotion here), then move to Hong Kong (a followup on a successful 1966 promotion) and Osaka (a chance to capitalize on the increase in demand that will come with preparation for Japan's Expo 70). Manila and Bangkok are also proposed for possible inclusion in the show's itinerary. The exhibits will be solo trade-only showings of U.S. food products for the hotel and institutional trade. They are open to cooperating U.S. trade groups, U.S. private firms, and local agents.

International Catering and Hotel Exhibition (IGEHO), Basel, Switzerland, Nov. 13-19.

U.S. participation in IGEHO—Switzerland's hotel and restaurant exhibition for the catering trade—will be the first U.S. entry into this international food promotion, which is held annually in Switzerland.

From the many nearby ski areas, ski lodge chefs and the resorts' food purchasers will come to Basel, located near the intersection of France, Germany, and Switzerland, for a between-seasons presentation of foods from many foreign nations. Selling features for the U.S. processed and frozen foods to be exhibited will be ease of storing, cooking, and serving for mountain-top cooks faced with the problem of pleasing giant-size appetites.

U.S. Processed Food Exhibits, Alpine Area, November.

Also timed for a between-seasons period (the Alps has both a summer and a winter tourist season), the Alpine show will be a series of presentations in Bavaria and western Austria. This area show will be modeled on last year's series of showings in the Caribbean, but will concentrate on the institutional rather than the retail grocery trade.

U.S. food firms are invited to send agents with catering packs of institutional size for showing at the exhibit.

Trade Center Exhibits.

Five exhibits will be held this year in the three cities where U.S. food promotion is on a permanent basis.

This year the show in Milan (Jan. 14-19) will feature frozen foods as well as the more familiar processed canned foods. About 22 U.S. participants are expected. The highlight of the 6-day show will be a seminar conducted by three U.S. industry men.

March and October will see trade center showings in London (Mar. 10-14 and some time in October) and Tokyo (Mar. 24-Apr. 4 and some time in October). Featured at both in March will be U.S. processed wood products. This comes as one result of the cooperator agreement signed with the American Plywood Association a year ago. Subjects for the later promotions have yet to be announced.

Echoes From 1968 U.S. Trade Fairs

Reports continue to come through on results of the trade fairs in which FAS and its cooperators participated during the past year.

From *Tokyo* comes word of heartening continued response to the marketing efforts of several States at last April's U.S. Food and Agricultural Exhibition. Colorado, for example, reports that its beef display there aroused an interest among Japanese meat tradesmen that led directly to a large effort by USDA and the U.S. beef industry—including team visits by Japanese livestock and meat experts, a food show starring beef at the U.S. Trade Center in Tokyo, and trade seminars and dinners there and in Osaka. Some solid beef sales have resulted, and meat shipments are now reported to be moving to Japan.

Reportedly Wisconsin companies displaying specialty cheeses at the Wisconsin booth in Tokyo created a new business interest among Japanese hotel and restaurant buyers.

The Iowa Department of Agriculture representative noted that Japanese traders, always interested in finding additional sources of supply for the clean, white soybeans used in Japanese food products, liked what they saw. That liking developed into a token 100-ton shipment of food-type Iowa soybeans by October, expected to be followed by bulk orders before 1968 ends. The beans promoted at the Tokyo Fair were especially developed for the Japanese food industry's use in traditional products like *miso* (soup) and *tofu* (a custard-like high-protein product.)

From *Stockholm* comes word that, according to six of the Swedish firms taking part in the U.S. food exhibit at St. Erik's Fair (Aug. 28-Sept. 14), all of the sales increase that they expect to achieve in U.S. food products by next September—more than $1.5 million—will be due to their participation in the exhibit. These firms are Brandt, Genco, Hugo Osterberg, Tage Lindblom, General Nordic, and Otto Safwenberg AB.

For the remaining participants, the fair is given credit for 20 percent—or about $1.6 million—of their expected total sales increase. So it appears that close to a third of the estimated $9.6-million sales rise for all the participating firms can be laid at the door of St. Erik's.

From *Seoul, Korea,* a final report on the September 9-October 20 run of the show—Korea's first trade fair—pushes total paid admissions to 1.9 million, of which an estimated 1.3 million saw the U.S. exhibit. More than 300,000 samples of wheat foods were distributed, at the rate of 7,000 to 8,000 a day. The doughnut machine drew the liveliest crowds, and doughnut quarters accounted for 4,000 of the daily sampling. But other wheat foods made on the spot (waffles, pancakes, batter-covered hot dogs, pork sausages in pancakes, toasted cheese sandwiches) also aroused interest among the predominantly rice-eating Korean visitors. Brochures in Korean on U.S. soybeans and their uses, feedgrains, wheat and wheat products, and renderers' products found more than 200,000 eager takers.

From *Munich* come some interesting sidelights on IKOFA (the big international food fair held Sept. 21-29). For the fair as a whole, visitors came from 23 countries, and 23 percent of them were seeing IKOFA for the first time. For the "trade only" area of the U.S. exhibit, countries from which visitors registered were Austria, Switzerland, Denmark, the Netherlands, Italy, France, Greece, Belgium, Norway, Sweden, Yugoslavia, and the United States, with about 15 percent of the registrants coming from outside West Germany.

About a third of those who registered in the U.S. "trade only" area were importers, about one-fifth wholesalers, and about the same percentage retailers. The rest were manufacturers, chain officials, and institutional buyers. About three out of four of these tradesmen were already handling U.S. food items and came to broaden their acquaintance with brands and products.

From *Beirut, Lebanon,* comes a report that a new approach followed in the building up of trade interest before the U.S. food exhibit (Oct. 14-18) was highly successful. About a month before the show, the U.S. agricultural attaché, accompanied by a trade relations specialist, paid a personal visit to every tradesman in the area who was known or believed to be interested in U.S. food products. Most of those visited did attend the show and met the exhibitors, which put the trade contact on a personal basis. One exhibitor, who forecasts a sales increase of more than $1 million, basing his estimate on orders received and order inquiries, credits a large part of this expected increase to the unusually strong interest generated by the personal approach.

From *Paris,* FAS has heard that over 40,000 food tradespeople from France and elsewhere in Europe visited the U.S. processed-food exhibit during SIAL—the Salon International de l'Alimentation (France's third biennial international food products exhibition, held Oct. 27-Nov. 4). Of the exhibit visitors, 13 percent were from countries outside of France, mostly from Belgium, Germany, and Italy. Four U.S. representatives reported selling over $33,000 in U.S. foods during the show; and these firms plus three other firms expect their sales during the next 12 months to total over $1.5 million.

From the *Caribbean area,* statistics continue rolling in on the three trade-only shows held between October 28 and November 5 in Bridgetown, Barbados; Port of Spain, Trinidad; and Willemstad, Curaçao. These hotel exhibits—a low-budget pilot operation—averaged a cost of only $6,500 each. Yet spot sales during the 6 days totaled $35,385; and sales within the next 12 months are projected at $645,000.

Taking part in Barbados were 54 U.S. food companies with their overseas representatives; in Trinidad, 45; and in Curaçao, 55. Close to 500 businessmen visited the shows, and a total of 38 local agents were signed up to handle American foods in these areas.

Southwest in London

More than 500 British tradesmen visited the "Best From the Southwest" foods show at the U.S. Trade Center in London in November; and the order books of Texas and California exhibitors show that the U.S. Southwest's best is making its mark.

Texas people report good sales prospects, their leading orders being $100,000 worth of carrots and $25,000 worth of pecans. Also written by Texas representatives were a head lettuce order for $2,700; a canned chicken order for $2,500; and a 1,000-case order for ruby-red grapefruit to be delivered in January.

One order for fresh perishables by air added up to $1,000.

U.K. agents of grocery lines from California and Texas expressed themselves as pleased with the new contacts they made as a result of participation in the show. Visitors look forward to future exhibits.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between December 17 and December 24, 1968, prices of Canadian Manitoba, U.S. Hard Winter, Russian 121, and Argentine wheat were up 1 cent. U.S. Spring was up 3 cents, and U.S. Soft Red Winter remained unchanged.

Both Argentine Plate and U.S. No. 3 yellow corn were down 1 cent, and South African was again unquoted.

A listing of the prices follows.

Item	Dec. 24	Dec. 17	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.03	2.02	2.08
USSR 121	1.94	1.93	2.00
U.S. No. 2 Dark Northern Spring, 14 percent	1.95	1.92	1.96
U.S. No. 2 Hard Winter, 14 percent	1.94	1.93	1.87
Argentine	1.78	1.77	1.84
U.S. No. 2 Soft Red Winter	1.78	1.78	1.76
Corn:			
U.S. No. 3 Yellow	1.37	1.38	1.42
Argentine Plate	1.50	1.51	1.85
So. African White	(1)	(1)	1.49

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Argentine Flaxseed Production Up Sharply

Argentina's 1968-69 flaxseed production is 22.8 million bushels, according to the first official estimate. This is a 51-percent increase from the 15.2 million bushels produced in 1967-68. Area harvested was 2.0 million acres, compared with 1.5 million a year earlier.

Australia Sells Cotton to Japan

Australia recently sold 6,500 bales (480 lb. net) of cotton to Japan. This is the first reported export sale of cotton by Australia. Press reports indicate that a second sale of 3,000 bales has since been negotiated.

Three Japanese spinning industry leaders visited Australia in late November 1968 to study prospects for future raw cotton imports from that country. The Japanese are reported to be seeking a minimum of about 100,000 bales annually with an ultimate goal of around 400,000 bales annually.

Australia has historically been a cotton importing country. However, cotton production has been rising sharply in recent years, partly because of government encouragement in the form of direct payments (bounties) to farmers. In 1968 for the first time, Australia produced more raw cotton than was needed by the domestic cotton industry. Prospects are that 1969 production will be even greater.

Kenya Harvesting Record Tea Crop in 1968

Reflecting new plantings coming into production and favorable growing conditions, Kenya's tea harvesting has been progressing at a record-breaking pace in 1968. Production during the first 10 months totaled 53.4 million pounds, compared with 36.7 million during the corresponding 1967 period. It is now apparent that the 1968 crop will easily exceed the record 1966 outturn of 56 million pounds.

As Kenya's farmers have found tea a remunerative cash crop, they have been expanding new plantings at a rapid rate. The area under tea at the beginning of 1968 was 74,322 acres, compared with 36,222 in 1960 and only 23,415 in 1955.

The quality of Kenya's teas has improved over the years, and the prices now received at the London auctions compare favorably with those paid for teas from Ceylon and India. Although the United Kingdom is the largest recipient of Kenya's tea exports—taking nearly two-thirds of the total—shipments to the United States have been increasing. The United States bought 7.1 million pounds valued at $3.1 million from Kenya in 1967 and 9.2 million pounds worth $3.8 million during the first 10 months of 1968.

Lebanon's Sugarbeet Crop Decreases

Lebanon's 1968 sugarbeet crop is estimated at 100,000 metric tons, compared to 108,000 produced in 1967. The selling price for the 1968 sugarbeet crop for delivery at the plant was set at LL55 (about $17.50) per metric ton. The price last season was fixed at LL60 (about $19.00). In late November, the Government of Lebanon authorized the Minister of Finance to grant the Office of Cereals and Sugar Beets an advance to pay farmers for the 1968 sugarbeet crop. Lebanon depends on imports to supply about 80 percent of its domestic requirements of sugar.

U.S. Exports of Soybeans, Oils, and Meals

U.S. exports of soybeans in October totaled a record volume for the second consecutive month. October exports of 32.8 million bushels increased 10 percent over the same month last year and exceeded the previous record set in October 1965 by 0.5 million bushels. During the first 2 months of the marketing year, soybean exports totaled 46.7 million bushels, 16 percent more than in the September-October period a year ago. The recent surge in exports was attributed to the threat of a longshoremen's strike and lower prices. The 18.3 million bushels exported to the EEC represented nearly 40 percent of the total and an increase of 15 percent over the same months in the preceding year. Shipments to most major markets increased during this period with the exception of Japan, whose purchases were down about 0.5 million bushels compared with a year earlier.

Exports of soybean and cottonseed oils totaled 84.0 million pounds, 9 percent less than October exports last year. Soybean oil, representing over 90 percent of the total, moved primarily to countries participating in Public Law 480 programs. Among them were Pakistan, Morocco, India, and South Vietnam.

Cottonseed oil exports in the first month of the marketing year fell to 3.9 million pounds, a decrease of nearly 40 per-

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILCAKES AND MEALS

Item and country of destination	Unit	October 1967 [1]	October 1968 [1]	September-October 1967-68 [1]	September-October 1968-69 [1]
SOYBEANS					
Belgium-Luxembourg	Mil. bu.	1.2	1.5	1.6	1.6
France	do.	.1	.1	.2	.1
Germany, West	do.	3.8	4.3	5.6	5.0
Italy	do.	1.1	3.3	1.1	3.3
Netherlands	do.	5.8	6.2	7.4	8.3
Total EEC	do.	12.0	15.4	15.9	18.3
Japan	do.	5.1	4.4	9.8	9.3
Canada	do.	5.7	7.3	5.7	8.4
Spain	do.	2.5	3.2	3.0	4.8
China, Taiwan	do.	1.6	1.0	1.7	2.4
Denmark	do.	1.1	1.0	1.7	1.9
Others	do.	1.7	.5	2.3	1.6
Total	do.	29.7	32.8	40.1	46.7
Oil equivalent	Mil. lb.	326.5	359.8	439.9	512.4
Meal equivalent	1,000 tons	698.8	770.1	941.5	1,096.6
EDIBLE OILS		October		October-September	
Soybean: [3]		1967 [1]	1968 [1]	1966-67 [1]	1967-68 [1]
Pakistan	Mil. lb.	37.3	36.8	146.6	223.7
India	do.	12.5	5.5	228.8	195.8
Tunisia	do.	3.4	.1	97.5	96.7
Morocco	do.	.9	8.5	11.5	54.8
Dom. Republic	do.	.2	1.9	9.4	50.0
Israel	do.	8.1	4.5	32.5	49.4
Vietnam, South	do.	4.8	1.8	29.7	36.7
Chile	do.	1.0	1.7	14.1	33.2
Canada	do.	1.7	2.0	21.7	25.1
Brazil	do.	2.7	1.2	28.5	21.0
Poland	do.	0	0	13.8	15.6
Others	do.	13.8	16.1	442.2	159.3
Total	do.	86.4	80.1	1,076.3	961.3
Cottonseed: [3]					
Venezuela	do.	5.9	2.8	30.9	34.9
Canada	do.	.1	.8	8.4	7.6
Japan	do.	0	(2)	1.0	1.8
Others	do.	.4	.3	36.1	5.9
Total	do.	6.4	3.9	76.4	50.2
Total oils	do.	92.8	84.0	1,152.7	1,011.5
CAKES AND MEALS					
Soybean:					
Belgium-Luxembourg	1,000 tons	24.1	8.7	221.4	240.7
France	do.	29.3	30.8	431.5	495.4
Germany, West	do.	35.2	44.1	458.1	508.2
Italy	do.	4.6	11.4	192.0	190.5
Netherlands	do.	39.1	19.5	417.9	546.9
Total EEC	do.	132.3	114.5	1,720.9	1,981.7
Canada	do.	21.0	20.5	238.4	227.8
Yugoslavia	do.	9.0	0	86.1	82.0
United Kingdom	do.	15.0	0	159.3	113.7
Poland	do.	4.0	8.9	51.2	80.6
Denmark	do.	3.5	0	109.4	66.0
Hungary	do.	0	0	30.3	50.4
Bulgaria	do.	0	0	27.8	41.4
Others	do.	12.4	[4] 25.1	233.2	255.8
Total	do.	197.2	169.0	2,656.6	2,899.4
Cottonseed	do.	.6	.4	7.3	2.9
Linseed	do.	27.2	12.2	93.4	103.7
Total cakes and meals [5]	do.	240.1	190.2	2,788.6	3,079.2

[1] Preliminary. [2] Less than 50,000 pounds. [3] Includes shipments under P.L. 480 as reported by Census. [4] Includes 14,219 tons to Spain compared with 111 in October 1967. [5] Includes peanut cake and meal and small quantities of other cakes and meals.

The Bureau of the Census.

cent from exports a year ago. Shipments to Venezuela of 2.8 million pounds—the only sizable export during the month—accounted for 72 percent of the total. Practically all cottonseed oil exports are commercial sales.

Soybean meal exports in October totaled 169,000 tons, a decrease of 14 percent from the 197,200 shipped in October a year ago. The 114,500 tons exported to the EEC represented 68 percent of the total and a decline of 13 percent compared with last year. Although shipments to France, West Germany, and Italy showed an aggregate gain of 25 percent, exports to the Netherlands and Belgium-Luxembourg were down by 50 and 64 percent, respectively. Exports to other European markets increased sharply, however, including shipments to Spain, Switzerland, and Poland. Canada, also a major market for U.S. soybean meal, took slightly less soybean meal than in October a year ago.

Exports of all oilcakes and meals totaled only 190,200 tons—down 17 percent from the 230,100 exported last October. While most of the decline was in exports of soybean meal, exports of linseed and cottonseed cakes and meal were also below last year's levels.

Italy Supports Nut, Brined Cherry Exports

Italy has authorized subsidies on exports of walnuts, almonds, filberts, and brined cherries to certain markets.

A subsidy equivalent to $9.92 per 100 kilograms (about 220 lb.) went into effect last November on exports of shelled walnuts to the United Kingdom; effective at the same time was a subsidy of $4.00 per 100 kilograms on unshelled walnuts moving to the United Kingdom and Austria.

On January 1 subsidies were initiated on shipments of shelled sweet almonds to Austria ($3.20 per 100 kg.), shelled filberts to Switzerland ($4.64 per 100 kg.), and brined cherries to the United Kingdom ($4.00 per 100 kg.).

The announced subsidies will be modified according to changes in domestic market conditions or competition in the country of destination.

These export payments add to the already long list of subsidies in effect for oranges, lemons, citrus juices, peaches, table grapes, peeled tomatoes, tomato paste, and tomato juice. Such subsidies are granted under provisions of EEC Regulation No. 159 of 1966, which defines all policies dealing with fruits and vegetables, including the payment of subsidies on exports to third countries. The justification for subsidy payment is a disrupted market—either by volume or value—in a third country that has traditionally imported a particular commodity.

Crops and Market Index

Cotton

14 Australia Sells Cotton to Japan

Fats, Oilseeds, and Oils

14 U.S. Exports of Soybeans, Oils, and Meals

14 Argentine Flaxseed Production Up Sharply

Fruits, Nuts, and Vegetables

15 Italy Supports Nut, Brined Cherry Exports

Grains, Feeds, Pulses, and Seeds

14 Weekly Report on Rotterdam Grain Prices

Sugar and Tropical Products

14 Kenya Harvesting Record Tea Crop in 1968

14 Lebanon's Sugarbeet Crop Decreases

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New Indian-U.S. P.L. 480 Agreement Signed

A new supplemental Public Law 480 sales agreement signed with India on December 23, 1968, brings to nearly $4 billion the total export market value of all P.L. 480 sales to India since the program began in 1954. This amounts to well over a fourth of the $13.2-billion total for all countries.

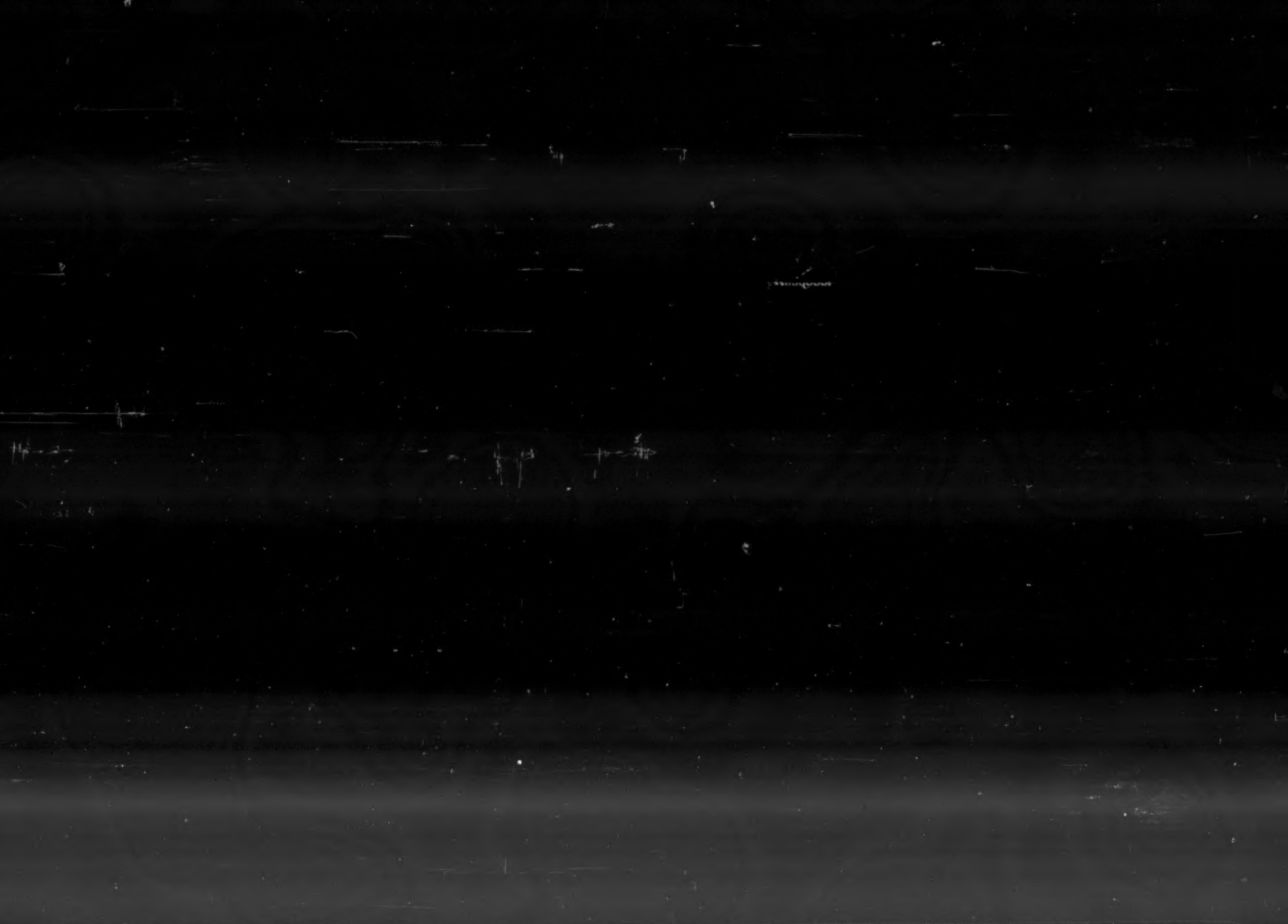
This latest agreement with India totals $167.1 million. Wheat—or wheat equivalent in flour—accounts for $145.2 million (about 2.3 mil. metric tons, or 84.5 mil. bu.); inedible tallow, for $13.3 million (about 90,000 tons, or 198 mil. lb.); tobacco, for $700,000 (about 200 tons, or 441,000 lb.); and nonfat dry milk, for $1 million (about 4,000 tons, or 8.8 mil. lb.). Ocean transportation accounts for the rest.

The agreement provides that $64.7 million worth of the wheat and wheat flour (about 1,025,000 tons, or 37.7 mil. bu.) and the $6.9 million estimated for ocean transportation costs be financed under a convertible local-currency credit arrangement. The remainder is to be paid for in Indian currency (rupees).

The supply period for all commodities is the fiscal year 1969. Sales will be made by private U.S. traders and purchase authorizations announced as issued.

Before the formal signing, a letter of conditional reimbursement had been issued allowing India to make advance purchases of 650,000 tons of wheat against the agreement. This permitted India to meet its more urgent demands for wheat and provide for orderly procurement and shipping pending signing of the agreement. India harvested bumper grain crops this year, aided by favorable weather; but its grain reserves have been depleted, and it continues to need help in building up stocks. Meanwhile, it is taking new steps to increase grain storage facilities, expand incentives to its farmers to produce more food, develop new water sources for crops, strengthen its agricultural research programs, and make more credit available to farmers and agricultural industries.

Food aid received by India under P.L. 480 has helped the nation through difficult periods including two recent drought years, enabling it to feed its people while stepping up family planning and putting its agricultural self-help programs into operation.

Wheat has made up about three-fourths of the value of all P.L. 480 commodities received by India. The wheat and flour total (including that provided for in the new agreement) is almost $3 billion, adding up to about 47.6 million tons (1.75 bil. bu.). After wheat, the major commodities received have been cotton, $364.4 million; grain sorghums, $219.4 million; rice, $217.2 million; soybean oil, $79.9 million; corn, $46.8 million; inedible tallow, $28.6 million; tobacco, $17.1 million; milk products, $8.0 million; and canned fruit, $99,000. India has also received about another quarter-billion dollars' worth of agricultural aid through other provisions of P.L. 480.

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